

140001193

INSTRUMENT PREPARED BY  
VIRGINIA GAS AND OIL

ORDER RECORDED UNDER CODE  
OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: APPALACHIAN ENERGY, INC.

VIRGINIA GAS AND  
OIL BOARD  
VGOB DOCKET NO.:  
89-0126-0009-61

RELIEF SOUGHT:

MODIFICATION OF THE OGCB NORA GAS  
FIELD RULES ORDER, ENTERED MARCH 26,  
1989, AS AMENDED, TO ALLOW MORE THAN  
ONE COALBED GAS WELL TO BE DRILLED IN  
THE UNITS INDETIFIED ON EXHIBIT "A" HERETO

LEGAL DESCRIPTION:

DRILLING UNITS: D-94 (AE-256); D-95 (AE-257/AE-258);  
D-96 (AE-267); E-94 (AE-254/AE-255); E-95 (AE-260);  
E-96 (AE265/AE-266); F-94 (AE-252/AE-253); F-95 (3055);  
F-96 (AE-263/AE-264); F-97 (AE-269/AE-270); F-98 (AE-277);  
G-95 (AE-261); G-96 (AE-262); G-97 (AE-271);  
G-98 (AE-272/AE-273); G-99 (AE-150)  
LOCATED IN BUCHANAN COUNTY, VIRGINIA;  
SEE ANNEXED EXHIBIT "H2"

**REPORT OF THE BOARD  
FINDINGS AND ORDER**

1. Hearing Date and Place: This matter came on for hearing before the Virginia Gas and Oil Board (hereinafter "Board") at 9:00 a.m. on **February 16, 2010** at the Conference Center at the Russell County Office Facility, Lebanon, Virginia.

2. Appearances: **James E. Kaiser of Wilhoit and Kaiser**, appeared for the Applicant; and Sharon B. Pigeon, Assistant Attorney General was present to advise the Board.

3. Jurisdiction and Notice: Pursuant to Va. Code §§45.1-361.1 et seq., as amended, the Board finds that it has jurisdiction over the subject matter. Based upon the evidence presented by the Applicant, the Board also finds that the Applicant has (1) exercised due diligence in conducting a meaningful search of reasonably available sources to determine the identity and whereabouts of each gas and oil owner, coal owner, or mineral owner, or in the case of conflicting claims to the ownership of the coalbed methane gas, each person identified by Applicant as a potential owner of the coalbed methane gas underlying the area described at paragraph 7.h below and in **Exhibit "B"** attached hereto; and (2) has given notice to all parties so identified (hereinafter sometimes "person(s)" whether referring to individuals, corporation, partnerships, associations, companies, businesses, trusts, joint ventures or other legal entities) and entitled by §§ 45.1-361.19 and 45.1-361.20, Virginia Code, as amended, to notice of the Application, and (3) that the persons listed in the Notice of Hearing are the persons so identified by the Applicant. Further, the Board has caused notice of this hearing to be published as required by § 45.1-361.19.B., Virginia Code, as amended. Whereupon, the Board hereby finds that the notices given satisfy all statutory requirements, Board rule requirements and the minimum standards of State due process.

4. Amendments and Dismissals: **None.**

5. Relief Requested: (1) Modification of the Nora Gas Field Rules to allow more than one coalbed methane gas well to be drilled within each of the Nora Field Drilling Units identified above and in **Exhibit "H2"** attached hereto; and (2) for an administrative order providing that additional well permits may be issued in the Nora Field after the Application is filed and while it is pending.

6. Relief Granted: Available data and the evidence adduced at the hearing support Applicant's position that the production from the pool underlying the Nora Coal Bed Gas Field Drilling Units in question would be enhanced and benefit from in-field drilling; accordingly,

a. With regard to the Drilling Units described above and in **Exhibit "H2"** hereto, the Nora Coal Bed Gas Field Rules Order, OCGB order entered of March 26, 1989, is hereby amended to allow the Board's Designated Unit Operator in Drilling Units pooled by Board Order and the Well Operator/Permittee in voluntary Drilling Units to drill a total of two (2) wells, said total to include any previously permitted well(s), within the units affected by the Application and this Order;

b. In the event that an additional coalbed methane gas well(s) permitted and drilled after the entry of this order is located within the drilling window(s) of a Nora Coal Bed Gas Field Drilling Unit affected by this order, the production therefrom shall be solely attributed to and allocated to the Nora Drilling Unit within which the wells are located.

c. In the event a second well is proposed that is to be located outside the drilling

140001193

window of any Nora Unit affected by this order and a permit application is submitted to the Division of Gas and Oil seeking such location exception, the Inspector shall assess the permit as follows:

- (i) If a 58 acre square with the proposed well at its center lies entirely within Nora Drilling Units which are voluntary in nature and are not subject to existing pooling order, the Inspector may grant or deny the location exception on a case-by-case basis according to standard procedures and provisions of the Nora Order which allow wells to be drilled outside the drilling windows; or
- (ii) If a 58 acre square with the proposed well at its center lies entirely or partially within any Nora Drilling Unit(s) which is subject to existing pooling orders, the Inspector shall refer the permit application to the Board for its recommendations concerning correlative rights considerations, modification of pooling orders, and escrow provisions. Alternatively, the Unit Operator may present a pooling proposal directly to the Board prior to filing a permit application. No permit under this paragraph (ii) shall be issued until the Board has acted on the matter.

7. Special Findings:

- a. Applicant's proposed field rule modification is not an unreasonable or arbitrary exercise of the owner's right to explore for or produce gas;
- b. The Applicant's proposal would not unreasonably interfere with the present or future mining of coal or other minerals;
- c. The acreage to be embraced in the Drilling Units affected by and/or created by this Modification Order shall be as set forth above and in **Exhibit "H2"** attached hereto.
- d. The formations subject to this Modification Order are described in the OGCB Order entered March 26, 1989, as amended.
- e. The boundaries of the Drilling Units are the same as heretofore established by the OGCB Order entered March 26, 1989, as amended.
- f. Unit Operator's production simulations indicate that drilling of an additional well in each Unit could facilitate the recovery of an additional 250,000 MCF of gas per Unit within ten (10) years of drilling.
- g. The boundaries of any Drilling Units created subsequent to this Modification Order shall be according to paragraph 6.c.ii. above and as defined by Board action specific to individual units.

140001193

h. The acreage subject to this Modification Order is depicted in **Exhibit "H2"** attached hereto:

i. Having considered the evidence presented, the Board found no reason to establish any allowable production rates for the wells contemplated by this Modification Order;

j. Except as herein specifically modified, the proposed Drilling Units in **Exhibit "H2"** shall be developed and produced in compliance with the OGCB Order entered on March 26, 1989 regarding the Nora Gas Field Rules, as amended.

k. This Modification Order shall be effective as of the date of the hearing, to wit: **February 16, 2010.**

8. Conclusion: The relief granted hereby will assist in enhancing production from existing wells, will assist in more efficiently recovering coalbed methane gas from the area in question, prevent waste by more effectively extracting the resource, and will continue to protect the correlative rights of all owners and claimants. Therefore, the relief and all terms and provisions set forth above be and are hereby granted and IT IS SO ORDERED.

9. Effective Date: **February 16, 2010.**

140001193

DONE AND EXECUTED this 7<sup>th</sup> day of July, 2014, by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert  
Bradley Lambert, Chairman

DONE AND EXECUTED this 7<sup>th</sup> day of July, 2014, by a majority of the Virginia Gas and Oil Board.

Rick Cooper  
Rick Cooper  
Principal Executive to the Staff  
Virginia Gas and Oil Board

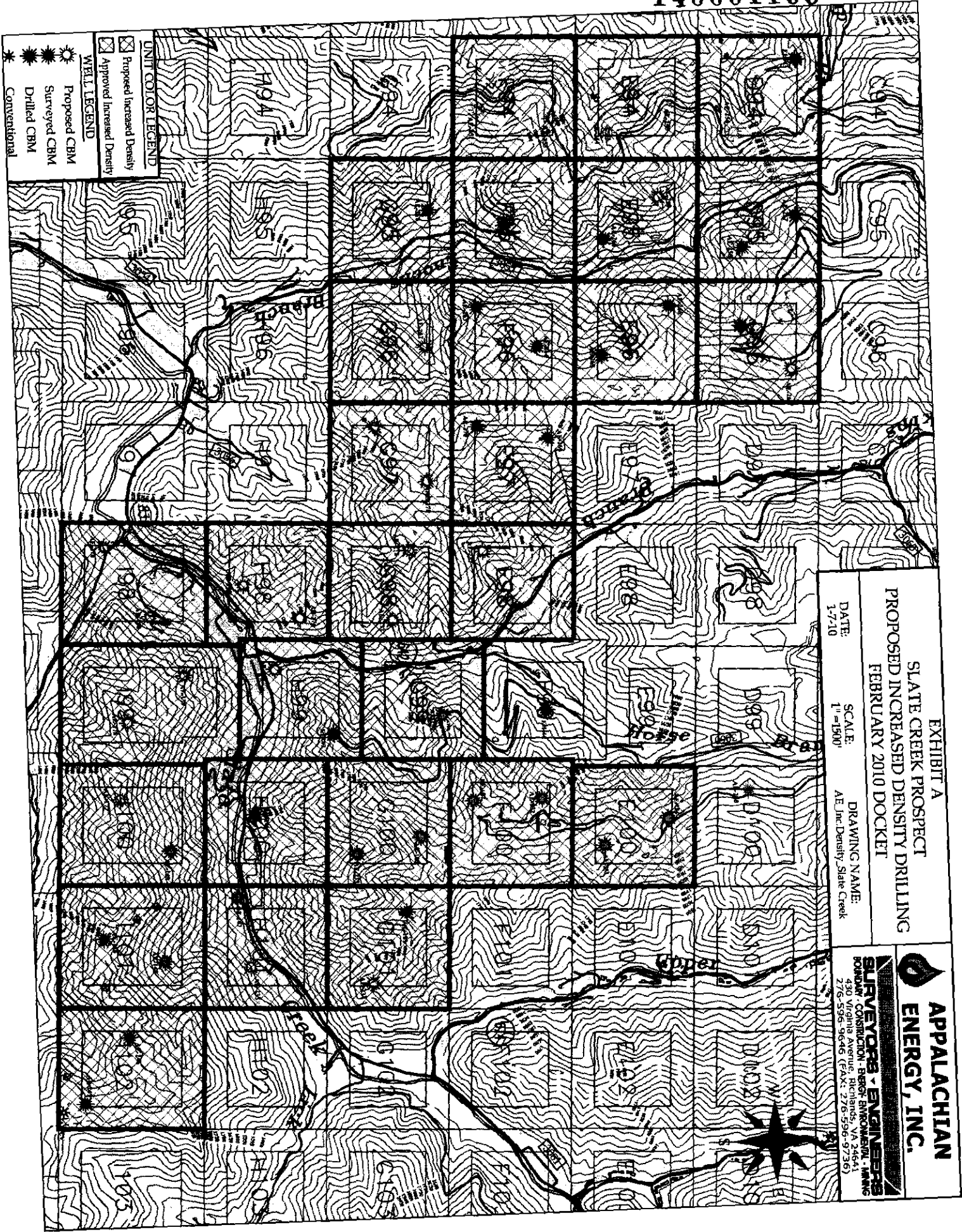
STATE OF VIRGINIA  
COUNTY OF RUSSELL:

Acknowledged this 7<sup>th</sup> day of July, 2014, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley Lambert, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board and Rick Cooper being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that they executed same and were authorized to do so.

Sarah Jesse Gilmer  
Sarah J. Gilmer

My Commission Expires July 31, 2017





**APPALACHIAN ENERGY, INC.**  
**NORA CBM FIELD - INCREASED DENSITY**

**140001193**

Barbara Oakley  
440 Arlington Ave.  
Bristol, VA 24201

Genetta Looney  
PO Box 93  
Vansant, VA 24656

Caroline Kelly Maynard  
266 County Road 524  
Nacagdoches, TX 75961

Carol & Luis Rivera  
8518 Barrens Road  
Roanoke, VA 24019

Daphne Lowry  
49 Kingsbridge St.  
Bristol, TN 37620-2959

Linkous Yates  
PO Box 68  
Grundy, VA 24614

James M. Kelly, III  
12 Madrono Court  
Corte Madera, CA 94925

Larry Puckett  
246 Vine Place  
Stafford, VA 22554

Ann Wood Kelly  
PO Box 272  
Reedville, VA 22539

Glenn Thomas Yates  
142 Mill Lane  
Yorktown, VA 23692

Edith K. Bales, Et Al  
1940 Terwood Road  
Huntington Valley, PA 19006

Joyce Ann Bach  
PO Box 477  
West Liberty, KY 41472

Lowry Stuart Kelly, Jr.  
722 Sinyard Circle  
Hiram, GA 30141

Marling E. Potter  
341 Glenn Ave  
West Liberty, KY 41472

Minnie Kelly Hunt  
1106 Northshore Drive  
Sunset Beach, NC 28468

Edith F. Compton  
Rt. 5, Box 137  
Grundy, VA 24614

William Chilton Kelly  
6121 Lane Pl  
Downers Grove, IL 60516-1806

Alta Yates Cox  
1829 Elkins Branch Road  
Grundy, VA 24614

Elizabeth Whitman  
PO Box 126  
Keene, NY 12942

David & Marie Keene  
4734 Meadow Crossing Lane NE  
Roanoke, VA 24012

Buford & Sue Yates  
1922 Elkins Branch Road  
Grundy, VA 24614

Clyde D. Looney  
4256 Willowdale Road  
Springfield, OH 45502

140001193

Lourena Yates  
1922 Elkins Branch Road  
Grundy, VA 24614

Shirley Ann Matney  
PO Box 153  
Vansant, VA 24656

Carl E. Looney  
PO Box 460  
Grundy, VA 24614

Cornelius Rife  
HC 61 Box 28  
Grundy, VA 24614

Dolly M. Yates  
1781 Shipley Ferry Road  
Kingsport, TN 37663

Ola Gay Fletcher  
PO Box 598  
Grundy, VA 24614

Brenda P. Tate  
2137 Harpoon Drive  
Stafford, VA 22554

Rhonda Gail Bingel  
246 Vine Place  
Stafford, VA 22554

Frances Loredith Yates  
1027 Caney Fork Road  
Big Rock, VA 24603-9546

Robin Renee Fletcher  
1027 Caney Fork Road  
Big Rock, VA 24603-9546

Harry Eugene Yates  
1030 Caney Fork Road  
Big Rock, VA 24603

Tommy Arthur Yates  
23127 Kestrel Drive  
Bristol, VA 24202

Marta L. McKenzie  
721 San Marino Drive  
Lady Lake, FL 32159

R. James Yates  
PO Box 728  
Coolridge, WV 25825

Linda Nancy Yates  
Route 5 Box 138  
Grundy, VA 24614

Jeffrey Yates  
PO Box 347  
Cedar Bluff, VA 24609

Rebecca Stiltner  
PO Box 397  
Big Rock, VA 24603

Annie C. White Estate  
Address Unknown

Alex Shortridge Heirs  
Sara Gentry, Agent  
109 Eagleridge Lane  
Bristol, VA 24202

Eagle Coal Corporation  
c/o Hess, Stewart & Campbell, PLLC  
PO Box 1060  
Huntington, WV 25713

The Runals Trust  
11453 Davis Road  
Middleville, MI 49333

Green Charles Heirs  
c/o John Baird  
PO Box 351  
Pikeville, KY 41502

John H. Belcher  
Agent for G. Belcher  
524 Maxfield Rd.  
Big Stone Gap, VA 24219



James Stewart Yates  
515 Dogwood Drive  
Liberty, NC 27298

Lawrence Jackson  
3005 Sunny Branch Drive  
Wilmington, NC 28411

Teddy Yates  
PO Box 416  
Big Rock, VA 24603

Leslie Musick  
Address Unknown

A.M. Ratliff Heirs  
Address Unknown

Wellmore Energy Co.  
c/o Bill Fuller  
PO Box 458  
Big Rock, VA 24603

Wellmore Energy Co.  
c/o Brian Sullivan  
1005 Glenway  
Bristol, VA 24202

Buchanan Realty  
c/o John Irvin  
4710 Hunterwood Circle  
Richmond, TX 77469

Chesapeake Appalachia  
Attn: Lester Zitkus  
PO Box 96-0277  
Oklahoma City, OK 73196-0277

Wanda Kay Brown  
PO Box 607  
Greenville, TN 37744

Patricia Musick Hatfield  
608 Sherwood Drive  
Marion, VA 24354

**140001193**

INSTRUMENT #140001193  
RECORDED IN THE CLERK'S OFFICE OF  
BUCHANAN COUNTY ON  
JULY 17, 2014 AT 11:19AM  
BEVERLY S. TILLER, CLERK  
RECORDED BY: GGB